

Message Text

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ACTION EB-07

INFO OCT-01 EA-06 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05 H-02 L-03 /059 W

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R 020235Z JUL 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5022

LIMITED OFFICIAL USE MANILA 9016

E.O. 11652: N/A

TAGS: ETRD, EAGR, RP

SUBJECT: HOUSE OF REPRESENTATIVE SUGAR HEARINGS AND REQUIRED
INFORMATION

REF: STATE 141876

1. THE REQUESTED INFORMATION FOLLOWS:

A. CURRENT COST OF PRODUCTION - SEE MANILA 7164. THE ESTIMATE
OF 7.7 U.S. CENTS PER POUND IS CONSIDERED BY MANY PRODUCERS
AS TOO LOW, ESPECIALLY THOSE THAT ARE NEW PRODUCERS AND/OR
FARM THE MORE MARGINAL LAND.

B. SEE FAS PH5026, MAY 28, 1975.

C. AVERAGE VALUE OF SUGAR FOR EXPORT DURING CY 1974 IN U.S.
CENTS PER POUND WAS 21.7.

D. PROJECTED SUGAR PRODUCTION AND EXPORTS AS ESTIMATED BY
THE MISSION (AS NO OTHER SOURCE IS AVAILABLE) FOR THE CROP YEARS
1974-75 THROUGH 1979-80 ARE SHOWN IN THE FOLLOWING SUPPLY
DISTRIBUTION TABLE;

-----IN THOUSAND SHORT TONS-----

CROP	BEGIN PRODU-	TOTAL DOMESTIC EXPORTS	ENDING
YEAR	STOCKS	CTION SUPPLY	CONSUMP- STOCKS
	PTION		

1974-75	560	2,735	3,295	950	1,300	1,045
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1975-76	1,045	2,750	3,795	1,030	2,000	765
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1976-77	765	2,830	3,595	1,120	1,770	705
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1977-78 705 2,920 3,625 1,215 1,780 630

1978-79 630 3,045 3,675 1,320 1,855 500

1979-80 500 3,175 3,675 1,430 1,870 375

E. INVESTMENT PLANNED FOR FIVE MILLS APPROVED FOR CONSTRUCTION (COST BASED ON STUDY BY THE PHILIPPINE SUGAR INSTITUTE):

(1) COST OF MILLS AT \$35,000,000 EACH-----\$175,000,000

OPERATIONAL COST DURING FIRST YEAR

OF OPERATION AT P3,400,000 EACH(P17,000,000) \$ 2,430,000

OUTLAY REQUIRED TO DEVELOP NEW SUGAR-

LANDS TO SERVICE THE MILLS (12,000 HECTARES

PER MILL AT P3,500 PER HECTARE) \$ 30,000.000

\$207,430,000

(2) OLD MILLS PLANNING EXPANSION

BEGE-MEDELLIN (AS INDICATED BY MILL) \$ 5,500,000

SAN CARLOS MILLING (AS INDICATED BY MILL) 5,500,000

BAIS (ESTIMATE - NO MILL INDICATION) 5,500.000

\$16,500,000

(3) TOTAL COST OF NEW MILLS AND PLANNED

EXPANSION \$223,930,000

(4) EACH OF THE FIVE NEW MILLS WILL HAVE AN ANNUAL

RAW SUGAR PRODUCTION CAPACITY OF ABOUT 75,000 SHORT TONS.

THE NEW MILL CAPACITY OF 375,000 SHORT TONS PLUS AN ADDI-

TIONAL CAPACITY OF 112,500 TONS BY OLD MILL EXPANSIONS

WILL INCREASE THE INDUSTRY'S CURRENT CAPACITY OF ABOUT 3.15

MILLION SHORT TONS TO 3.64 MILLION TONS. ALSO SEE FAS

PH5022; HOWEVER, SINCE MAKING THIS REPORT AGATTACHE HAS

LEARNED THAT INFORMATION PROVIDED ON STATUS OF MILL CON-

STRUCTION WAS NOT ENTIRELY CORRECT. ACTUALLY TWO MILLS ARE

NOW UNDER CONSTRUCTION: ONE IS BAIS, NEGROS OCCIDENTAL

AND THE OTHER IN BUKIDONON IN MINDANAO. THESE TWO MILLS

SHOULD COME ON STREAM DURING 1977.

F. THE ESTIMATED GROWTH RATE OF DOMESTIC CONSUMPTION BASED

ON THE AVERAGE INCREASE DURING THE MOST RECENT 5 CROP YEAR PERIOD

IS 8.5 PERCENT PER ANNUM.

G. THE MISSION HAS NO KNOWLEDGE OF ANY LONG TERM EXPORT

COMMITMENTS.

H. FOR INFORMATION GOVERNMENT PARTICIPATION IN SUGAR PRODUC-

TION AND MARKETING:

SEE MANILA 7164, MAY 23, 1975

SEE FAS PH5022, MAY 12, 1975

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SEE FAS PH5026, MAY 28, 1975

SEE FAS PH4041, OCT. 31 1974

SEE FAS PH4039, OCT. 24, 1974

SEE FAS PH4017, MAY 14, 1974

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Margaret P. Grafeld
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